

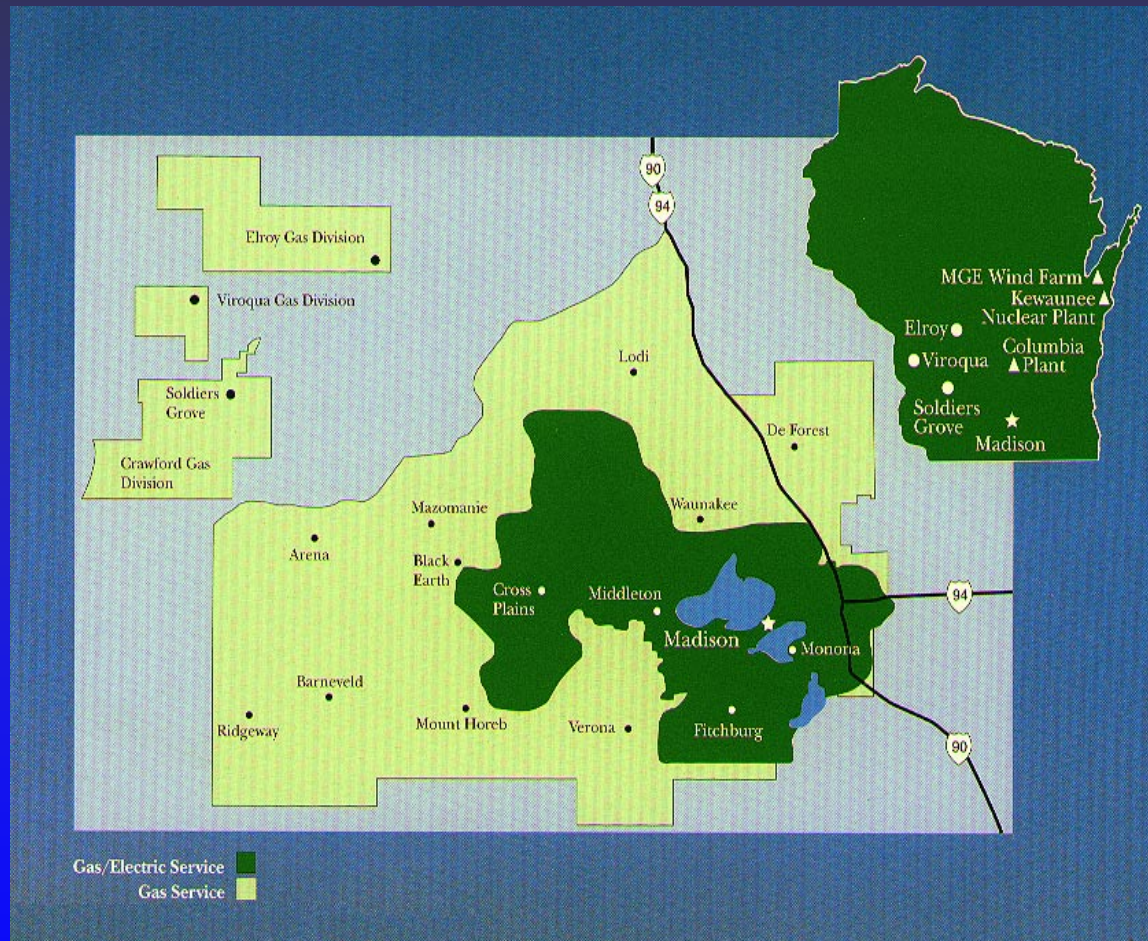
MGE WIND POWER

**Presented by
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Madison Gas and Electric Company**

**Fifth National
Green Power Marketing Conference
August 7-8, 2000**



Who Are We?



Who Are We?

- 107,000 residential customers
- 12,000 business customers
- 3,224,000 MWh
- \$186,000,000 electric revenues
- Combined electric and gas utility



Why Has MGE Built Wind Power?

- Customer preference
- Technology progress/cost
- Sustainable
- Environmentally friendly
- Earn return on the investment

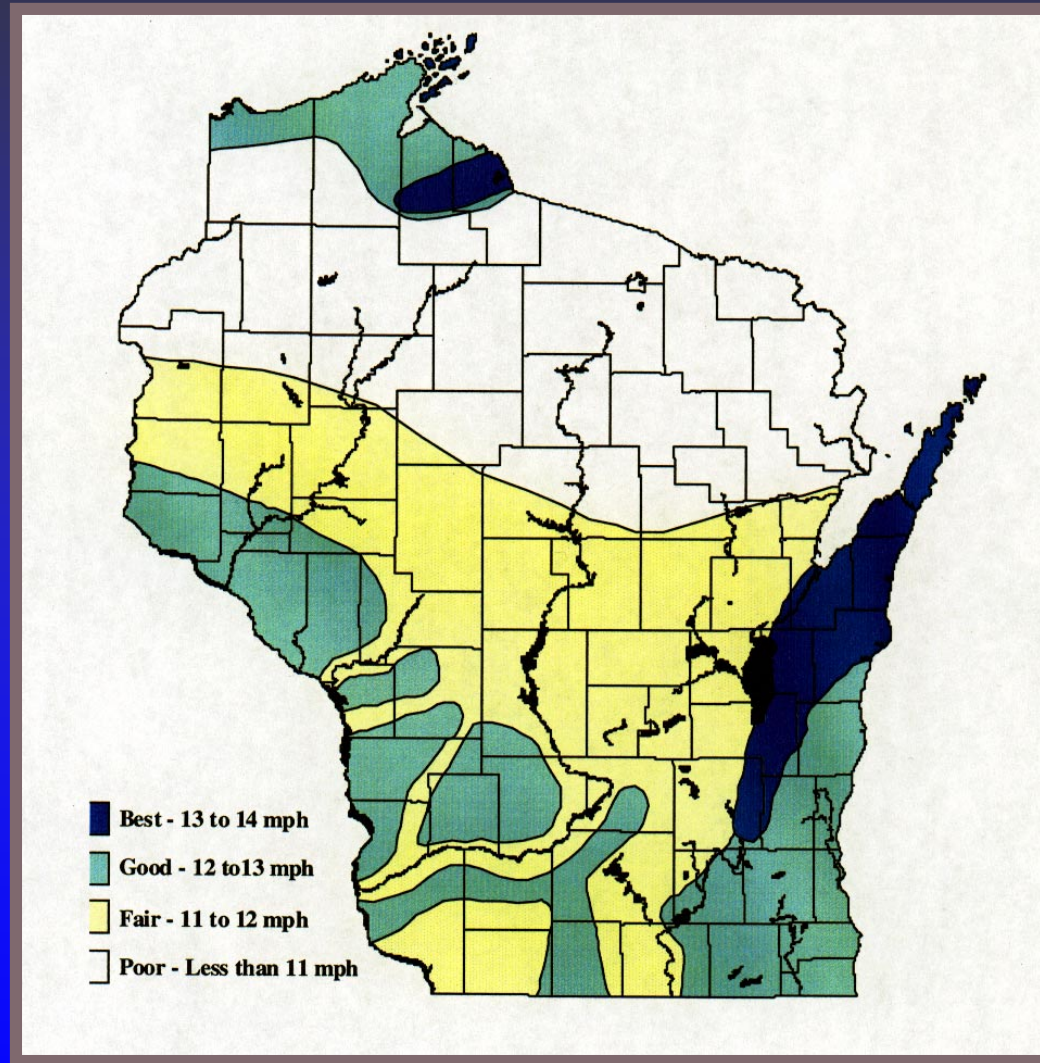


MGE Project Summary

- 17 660 kW Vestas turbines
- 24,000,000 kWh/year
- On line July 1, 1999
- \$14.5 million investment
- Leases with Kewaunee County farmers



Why Kewaunee County?



Project Decision Making

- **Acceptable economics**
- **Customer market exists**
- **Community acceptance**
- **Siting approvals**



Project Economics

- Construction costs: \$14,500,000

- Other Costs:

 - O&M, transmission access, marketing

- Amortized over 38 years

- Wind energy cost: \$0.09 per kWh

- Green priced: \$0.0333 per kWh



Wind Farm Energy Production

- First year: 22,604 MWh
- Capacity factor: 23%



Wind Power - the product

- Customer choice
- “Green Pricing”

Residential customers

\$5 per 150 kWh block or,
100% @ \$0.0333/kWh

Businesses

Leaders - significant purchase

Supporters - Greater of 5% or
\$15/month



Marketing Strategy

- Targeted mailings and bill inserts supported with mass marketing
- Be everywhere with information
- Promotional support for businesses
- Gain credibility through third parties
- It's the right thing to do



Marketing Effectiveness

- Sold all available energy in six months
- Subscription rate - 4.7%
- Targeted direct mail -

Shareholders:	9.2%
Targeted list:	6.9%
Random list:	5.6%
Bill insert or other:	2.9%



Lessons Learned

- Take time to get buy-in from local community
- Customer education - essential and expensive
- Collaborative marketing works
- Learn from others



Next Steps

■ Evaluate:

technical performance

project economic assumptions

customer acceptance and preferences

Other renewable technologies

■ Optimize future investments

